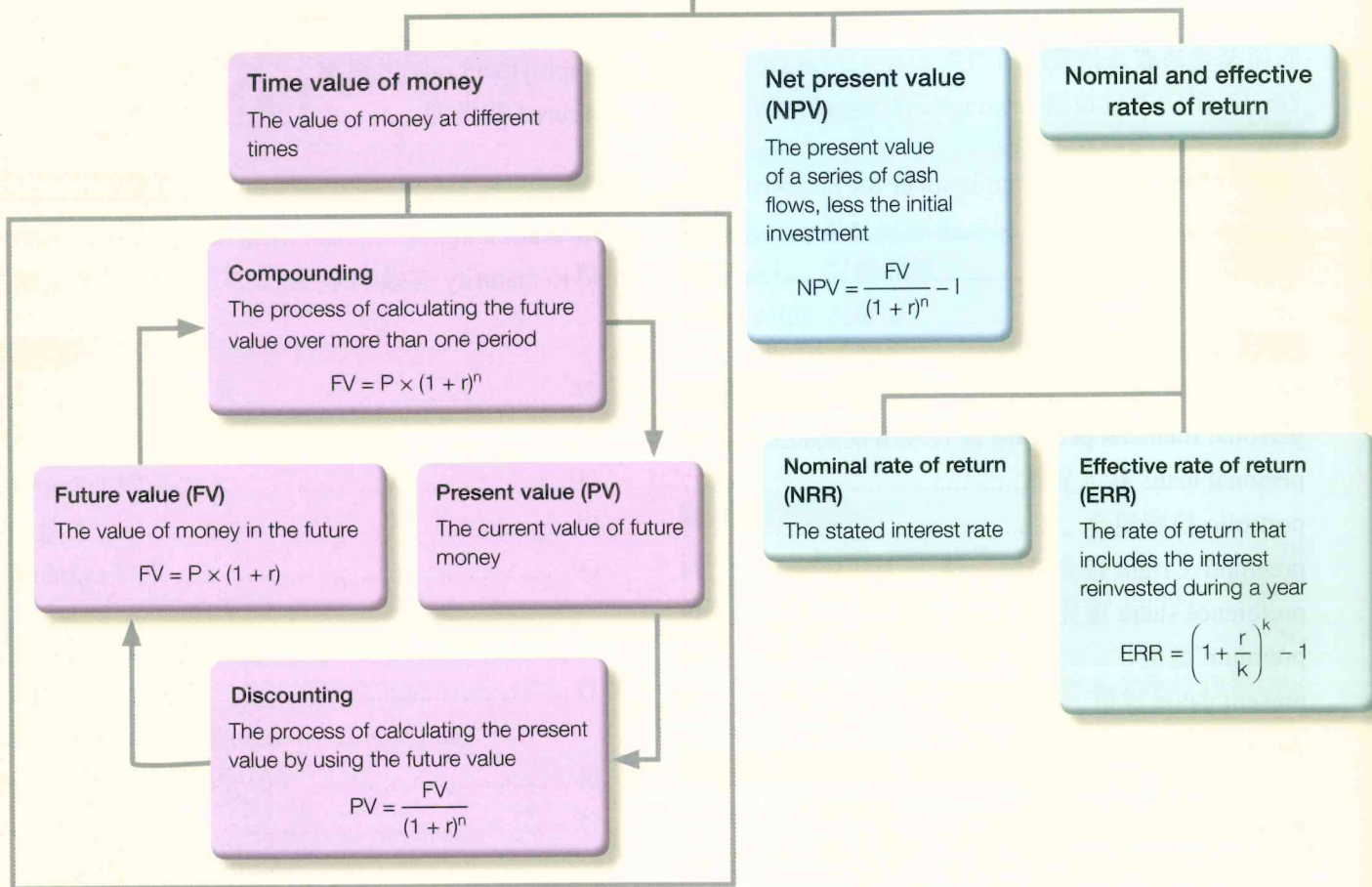
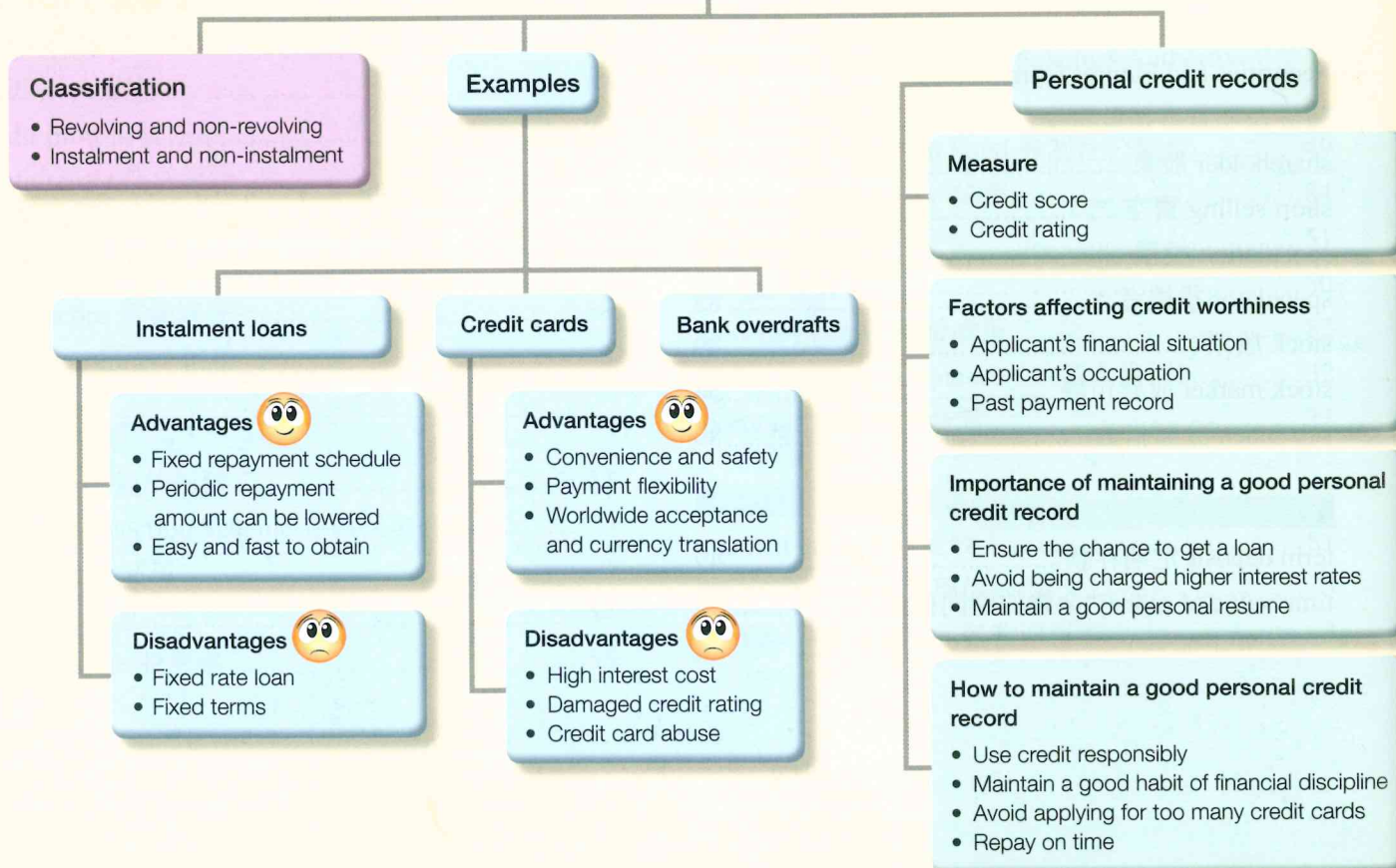


1 Time Value of Money



2 Consumer Credit

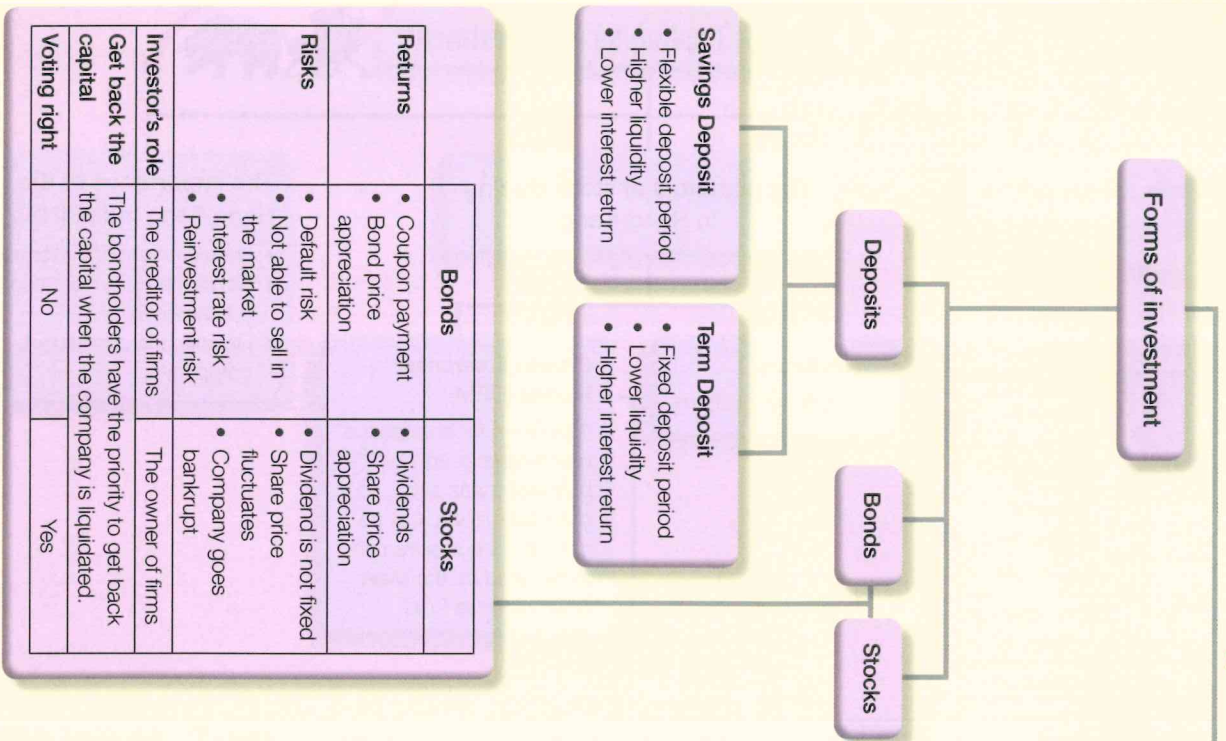


3

Personal Financial Planning and Investment



Forms of Investment



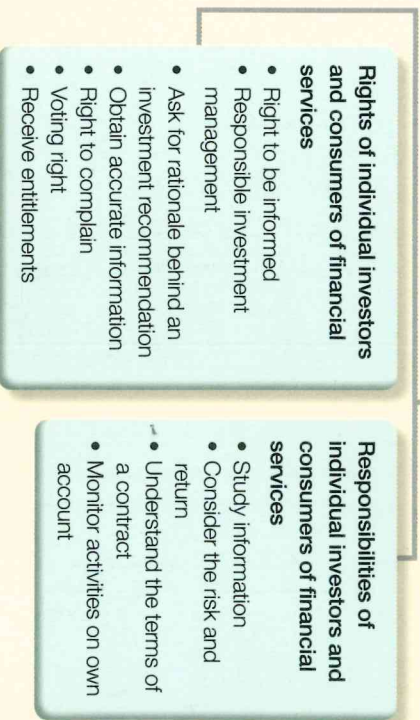
Personal financial planning at different life stages

Stages	Importance of financial planning
Young single	<ul style="list-style-type: none"> Create and accumulate wealth Plan for later stages
Couple	<ul style="list-style-type: none"> Preparing to have a family
Early family	<ul style="list-style-type: none"> Plan for family expenses, e.g. child's education fund Stronger insurance coverage
Late family	<ul style="list-style-type: none"> Prepare money for children's university education Plan for future medical expenses and retirement
Pre-retirement	<ul style="list-style-type: none"> Direct more financial resources to retirement planning and medical coverage
Retirement	<ul style="list-style-type: none"> Holding adequate health insurance Estate planning

The rights and responsibilities of employees and self-employed persons under the MPF System

	Employees	Self-employed persons
Rights	<ul style="list-style-type: none"> Receive contributions from employers Change the scheme Change allocations of their contributions in the MPF scheme 	<ul style="list-style-type: none"> Change the scheme Change allocations of their contributions in the MPF scheme
Responsibilities	<ul style="list-style-type: none"> Make mandatory contributions to the selected MPF scheme Manage their own MPF account well 	<ul style="list-style-type: none"> Join a MPF scheme Make contributions Update information Inform your trustee of cessation of self-employment

Rights and responsibilities of individual investors and consumers of financial services



Rights of individual investors and consumers of financial services

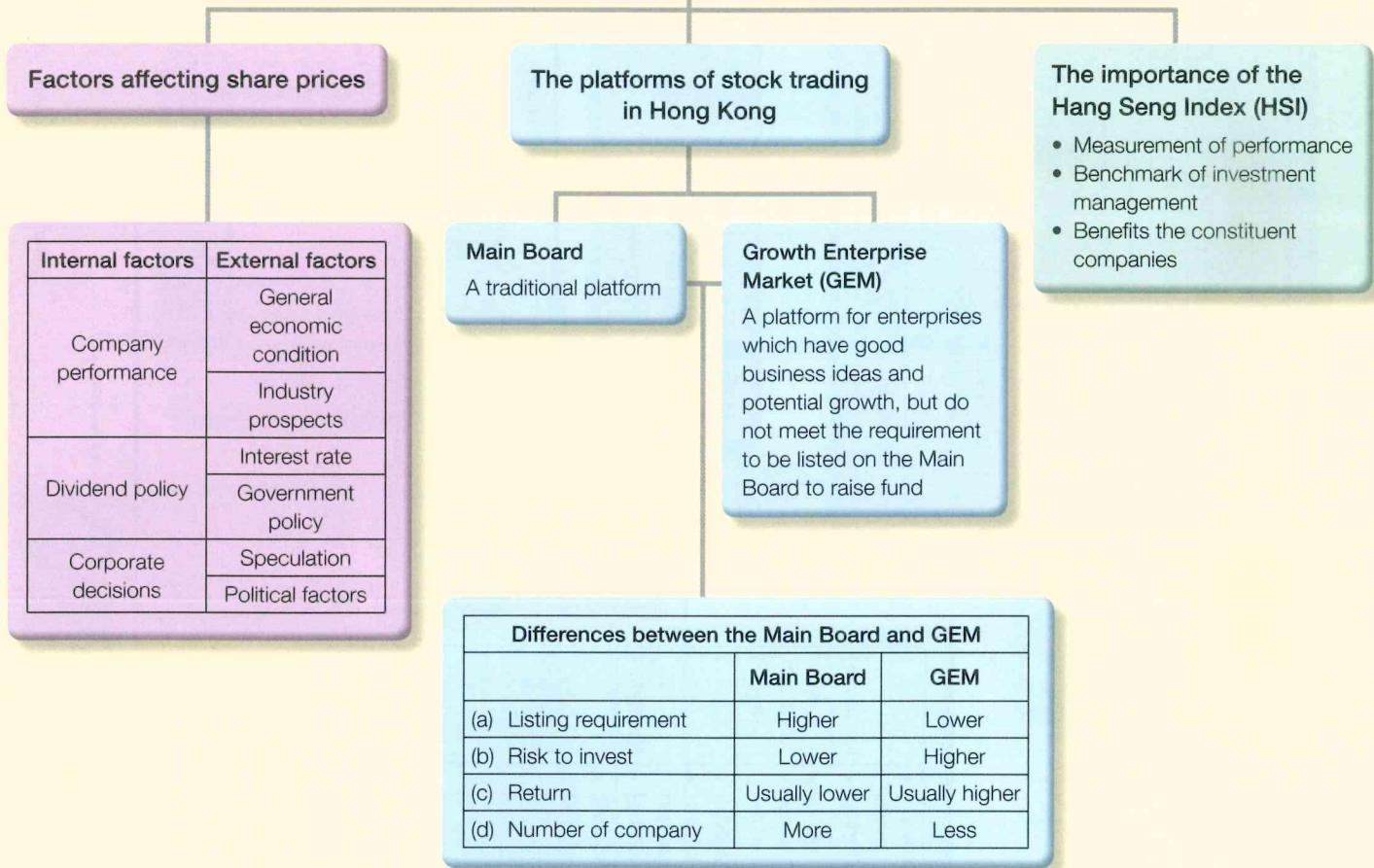
- Right to be informed
- Responsible investment management
- Ask for rationale behind an investment recommendation
- Obtain accurate information
- Right to complain
- Voting right
- Receive entitlements

Responsibilities of individual investors and consumers of financial services

- Study information
- Consider the risk and return
- Understand the terms of a contract
- Monitor activities on own account

	Bonds	Stocks
Returns	<ul style="list-style-type: none"> Coupon payment Bond price appreciation 	<ul style="list-style-type: none"> Dividends Share price appreciation
Risks	<ul style="list-style-type: none"> Default risk Not able to sell in the market Interest rate risk Reinvestment risk 	<ul style="list-style-type: none"> Dividend is not fixed Share price fluctuates Company goes bankrupt
Investor's role	The creditor of firms	The owner of firms
Get back the capital	The bondholders have the priority to get back the capital when the company is liquidated.	
Voting right	No	Yes

4 Stock Trading as an Investment



Factors affecting share prices

Internal factors	External factors
Company performance	General economic condition
	Industry prospects
Dividend policy	Interest rate
	Government policy
Corporate decisions	Speculation
	Political factors

The platforms of stock trading in Hong Kong

Main Board
A traditional platform

Growth Enterprise Market (GEM)
A platform for enterprises which have good business ideas and potential growth, but do not meet the requirement to be listed on the Main Board to raise fund

The importance of the Hang Seng Index (HSI)

- Measurement of performance
- Benchmark of investment management
- Benefits the constituent companies

	Main Board	GEM
(a) Listing requirement	Higher	Lower
(b) Risk to invest	Lower	Higher
(c) Return	Usually lower	Usually higher
(d) Number of company	More	Less